



State of Connecticut
HOUSE OF REPRESENTATIVES
STATE CAPITOL
HARTFORD, CONNECTICUT 06106-1591

REPRESENTATIVE MARY M. MUSHINSKY
EIGHTY-FIFTH ASSEMBLY DISTRICT

LEGISLATIVE OFFICE BUILDING
ROOM 4038
HARTFORD, CT 06106-1591
HOME: (203) 269-8378
CAPITOL: (860) 240-8585
TOLL FREE: 1-800-842-8267
FAX: (860) 240-0206
E-mail: Mary.Mushinsky@cga.ct.gov

CHAIRWOMAN
PROGRAM REVIEW AND INVESTIGATIONS
COMMITTEE

MEMBER
ENVIRONMENT COMMITTEE
FINANCE, REVENUE AND BONDING COMMITTEE
SELECT COMMITTEE ON CHILDREN

Testimony of Rep. Mary Mushinsky (85th) in Support of Proposed S.B. 325, An Act Concerning Angel Investors and Programs Implemented by Connecticut Innovations, Inc.; SB 327, An Act Concerning Consolidation of Economic Development Entities; HB 5357, An Act Concerning the Repeal of Certain Underutilized Tax Credits

Before the Commerce Committee

March 2, 2010

I support these three bills, which are based on bills of the Program Review & Investigations Committee (PRI). Sen. John Kissel and I co-chair that bipartisan committee.

SB 323, Angel Investors, is the same as PRI's bill SB 307. Our committee is interested in following the new economic development model of promoting technological innovation as the best model for Connecticut's future. Our PRI study, *Connecticut's Economic Competitiveness in Selected Areas* (December 2009), found that many entrepreneurial businesses find their greatest challenge is access to early-stage or seed capital. In the past, venture capital funding for early-stage companies was available, but by 2008, only 25% of venture capital funding went to early stage companies. "Angel" investors, who are wealthy individuals with business or technology backgrounds who provide capital, connections, and guidance to entrepreneurs, increasingly fill the funding gap. We believe Connecticut has the potential to build a robust network of these angel investors to fill the gap that exists for early-stage funding.

SB 327, Consolidation of Economic Development Entities, is the same as PRI's SB 308. Sen. Franz also has a similar but broader idea in SB 160. Businesses' need for loans and other financing is an economic development activity that we must address, especially in times when access to private capital is tight. However, it can be confusing—and frustrating—for businesses seeking financial aid when multiple state agencies are involved in various lending programs. Newer support structures use co-location,

collaboration and multi-service entities to help businesses. We need one portal to access multiple business services—whether financial, export assistance, federal grants, or technical help. If a company is not a good candidate for a CDA loan but might qualify for CII assistance (or the reverse), a business should get the help they need from one location. I understand this is how Massachusetts assists its entrepreneurs.

HB 5357, Repeal of Certain Tax Credits, is similar to PRI's bill HB 5347, seeking to use tax credits wisely at a time when our state's financial resources are severely limited. It is important to monitor the state's competitiveness in the new economy of technological innovation and use tax credits to promote jobs in that economy. At our PRI hearing yesterday, March 1st, witnesses addressed the choice of keeping the state's promise to a business that qualified for existing tax credits vs. adjusting or replacing credits based on which credits work best at job creation. PRI will have to wrestle with that choice, as will the Commerce Committee.

Sen. Kissel and I believe it is important to monitor and adjust to get the most value from tax credits. We are investigating whether it is possible to change eligibility or tighten requirements for businesses that qualify for existing tax credits and will continue working to refine our version of this bill.

We appreciate your support for these recommendations which arose from PRI's research report, *Connecticut's Economic Competitiveness in Selected Areas* (December 2009). Our companion report, *Alignment of Postsecondary Education and Employment* (December 2009) includes our workforce recommendations. Both are important resources as you work to rebuild Connecticut's economy.